

**Setting up of telecom SEZs**

897. SHRI C. RAMACHANDRAIAH: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the measures Government are implementing to make the country a manufacturing hub of telecom hardware;

(b) whether the on-going initiatives to set up telecom Special Economic Zones (SEZs) and telecom hardware parks are apart of the above said growth strategy;

(c) if so, where these SEZs would be set up, by when these would commence operation and how many unemployed youth would be appointed;

(d) the amount earmarked to assist (finance) the private players; and

(e) how far the proposed units would meet our domestic demand and would these affect the profitability of present telecom PSUs?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) To promote telecom equipment manufacturing industry in the country, the Government has taken various important steps, *inter-alia*.

- = No industrial licence for manufacture of telecom equipment
- = 100% Foreign Direct Investment (FDI) through automatic route
- = Fully repatriable dividend income and capital invested
- = Payment of technical know-how fee of upto US \$2 million and royalty upto 5% on domestic sales and 8% on export sales, net of taxes, through automatic route
- = Imposition of additional import duty, at the rate not exceeding 4% *advalorem*, to countervail sales tax, value added tax, local taxes and other charges leviable on like goods on their sale or purchase or transportation in India
- = Promotion of telecom product specific SEZs
- = Modification of Electronic Hardware Technology Park (EHTP)/ Special Economic Zones (SEZs) scheme to allow 100% sales

in the domestic Tariff Area (DTA) for the purpose of meeting export obligations.

(b) Yes, Sir.

(c) to (e) Four telecom product specific SEZs, promoted by private sector, have been targeted to be set up by 2007. The first one to start production in Chennai was Nokia, followed by Flextronics. The other two SEZs are expected to commence operation in the year 2007. SEZs which have commenced operation have so far provided direct employment to about 4,000 persons. It is estimated that all the four SEZs would provide direct employment to about 25,000 people in the final phase. Manufacturing capacities in the aforesaid SEZs are being created to meet domestic and exports demand in the region. It will also create a better competitive environment.

#### **World class R&D centres under PPP**

898. SHRI KALRAJ MSSHRA: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the Centre for Development of Telematics (DoT) has decided to open up/to team up with an international hub for Research and Development (R&D) in telecommunications, and to set up two world class R&D centres, under Public Private Partnership (PPP);

(b) if so, the details of the R&D Centres to be opened, and their objectives; and

(c) the steps so far taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD): (a) No, Sir. There is no decision by Centre for Development of Telematics (C-DOT) to open up/to team up with an international hub for Research and Development (R&D) in Telecommunications and to set up two world class R&D centers under Public Private Partnership (PPP) at present.

(b) and (c) Do not arise in view of (a) above.